

Chinese economy

Xi Jinping says China will remain world's 'growth engine'

Stocks rise after Beijing signals more measures to boost economy



President Xi Jinping said China had full confidence in achieving its economic growth target for the year © AFP/Getty Images

Cheng Leng in Hong Kong, **Joe Leahy** in Beijing and **Thomas Hale** in Shanghai 4 HOURS AGO

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Xi Jinping has pledged that China will meet its ambitious GDP growth target of 5 per cent this year and remain the engine of global economic expansion as Beijing steps up efforts to boost flagging investor confidence.

The Chinese president's comments came a day after the country's leaders [eased their monetary policy stance](#) for the first time in 14 years in a bid to tackle entrenched weak consumption and deflationary pressures in the world's second-largest economy.

Chinese stocks initially rose on Tuesday on news of the Communist party politburo's backing for more monetary easing — the strongest sign yet of its resolve to implement a more accommodative policy stance. The CSI 300 index rose as much as 3.3 per cent at the open before paring gains to close up 0.7 per cent.

Yields on [China's](#) benchmark 10-year government bonds slipped five basis points to 1.86 per cent in the morning session, hitting a record low as investors bet on further interest rate cuts from the central bank. Bond prices move inversely to yields.

“China has full confidence in achieving this year’s economic growth target and continuing to play its role as the world’s largest economic growth engine,” Xi told a gathering in Beijing of multilateral institution heads, including IMF managing director Kristalina Georgieva and World Bank president Ajay Banga.

Investors have been looking for further signs that Beijing — which announced [some economic stimulus measures in September](#) — is stepping up efforts to boost consumer demand, with the economy under deflationary pressure for the past two years.

Trade data on Tuesday showed China’s imports in November fell 3.9 per cent year on year, the most since February, which analysts said reflected weak demand. Inflation data on Monday showed consumer prices rose just 0.2 per cent year on year in November.

“The contraction of imports is consistent with the weak [consumer price] data,” said Zhiwei Zhang of Pinpoint Asset Management in a note. “The politburo meeting yesterday signalled [a boost to] domestic demand next year. The market is anxiously waiting for details on what exactly the government will do.”

China’s exports in November rose 6.7 per cent from a year earlier, below analysts’ forecasts in dollar terms.

“Export growth slowed sharply last month, but we doubt this signals the end of China’s recent export boom,” said Capital Economics in a note. “We expect exports to accelerate again in the coming months, supported by gains in export competitiveness and exporters front-running tariffs.”

China’s leaders are due this month to hold one of their most important meetings for setting the agenda on the economy in the coming year, the Central Economic Work Conference. Investors expect the meeting to signal stronger efforts to boost domestic consumption, which has been hit by a property slowdown.

Beijing is also expected to be preparing for possible fallout from Donald Trump’s electoral victory last month, which has raised concerns of higher tariffs. China’s trade surplus with the US widened to \$34.9bn in November from \$33.5bn a month earlier.

“China is willing to maintain dialogue, expand co-operation, manage differences and promote the development of China-US relations in a stable, healthy and sustainable direction. Hoping that the US side will meet China halfway,” said Xi as

sustainable direction, hoping that the US side will meet China halfway, said in as reported by state news agency Xinhua.

“Tariff wars, trade wars and technology wars go against the historic trends,” he added. “China will . . . resolutely safeguard its sovereignty, security and development interests.”

Trump said in an NBC News interview at the weekend that he had recently spoken with Xi but did not say what had been discussed.

The politburo on Monday vowed to implement “extraordinary” measures to boost growth and stabilise the stock market and property sector.

Policymakers also pledged to adopt “more proactive” fiscal policy and “vigorously boost consumption”.

Additional reporting by William Sandlund in Hong Kong

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